



DRCEA

DETROIT RETIRED CITY EMPLOYEES ASSOCIATION
Representing Detroit City Retirees Since 1960

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Testimony of Shirley V. Lightsey, President of the DRCEA

Presented to the House Committee on Detroit's Recovery and Michigan's Future ("Committee")

Chairman Walsh and members of the Committee, I want to thank you for the opportunity to address you regarding the very important issue and legislation this Committee has been asked to address.

My name is Shirley V. Lightsey, I retired from the City of Detroit as the Personnel Manager of the Detroit Water & Sewerage Department after 30 years of service. I am also the President of the Detroit Retired City Employees Association ("DRCEA") which represents approximately 12,100 retired general city workers (ranging from managers to clerks, to mechanics, to EMS personnel), and their surviving spouses. The DRCEA has been representing general City retirees since 1960.

We have been the advocate, representative and watchdog for all issues and problems facing general city retirees. The DRCEA is acknowledged as the retiree organization representing civilian retiree interest in legislative and budget matters. Today, of the approximately 12,100 City of Detroit retirees approximately 65 percent are dues-paying members. The DRCEA has always been available to assist all retirees with retirement-related issues, regardless of whether they are members or not. We have always been a volunteer-based association and all services provided by directors and officers are done in the spirit of services and not compensation.

We keep in contact with our membership and retiree constituency through mailings, newsletters, meetings, our website and other sponsored events. The DRCEA prides itself on having the pulse of general City retirees and working as diligently as possible to preserve and protect their interests.

Protecting those interests led the DRCEA to actively participate in the City of Detroit's chapter 9 bankruptcy case on behalf of all general City retirees. Many retirees are frightened, confused, and angry at the entire process. But as a representative of general City retirees, it is my obligation to recommend and do what I believe to be in their best interest. That is the very reason I submit this testimony, I believe that the State's contribution is a critical piece of the puzzle to prevent further retiree hardships, while also allowing the City to heal and rebuild, while protecting the State and its residents.

Having had access to thousands of pages of information, court appearances, pleadings and multiple mediation sessions, I am confident that the State aid and the "Grand Bargain" are in the best interest of retirees. I say this not because the Plan or the bargain are perfect, but it protects retirees from the horrors of a cram down scenario, while also providing benefits to the City and the State.

Some have said and others will continue to say that the bargain is too grand for retirees. I highly disagree. Retirees' are having their healthcare coverage substantially reduced and, at the same time, their **out-of-pocket costs** for healthcare costs are greatly increasing, skyrocketing for some.

Not only are those healthcare cuts a bitter pill, but general City retirees are still facing a 4.5% across-the-board cut to their pensions, will receive no Cost of Living Adjustment ("COLA"), and some will be forced to give back, in an annuitized fashion, alleged excess interest they received through **no** fault of their own. Despite all of these sacrifices, the DRCEA is still recommending Plan Alternative A to its members and all general City retirees. The attached chart provides a brief summary of the recommended Plan "Alternative A" compared to a crippling cram down if the State money and other conditions do not occur.

Do not forget, that if all of the conditions fall into place and Plan Alternative A is confirmed, that the DRCEA will be withdrawing its appeal to the Sixth Circuit Court of Appeals, along with many other parties. Not only would the appeals be withdrawn, but the State would receive a release of such claims under the plan. This is no small concession for proud citizens to forgo this right and set their constitutional protections aside. To give up such appellate rights is difficult and heartbreaking, but the pension treatment that could result from a cram down and the uncertainty of appellate action is exponentially worse and unacceptable.

For the foregoing reasons, the DRCEA is recommending to general City retirees to accept the Plan, which undoubtedly demands personal and financial sacrifice. That recommendation is contingent on the Grand Bargain and the financial contributions from the State of Michigan. We now seek your support, your courage, and your vote for City of Detroit retirees, which live throughout this great state. We ask that politics and partisanship be put aside and retirees be put to the forefront and protected as they have served the City of Detroit as directed by elected officials of the past.

Respectfully,

Shirley V. Lightsey

A handwritten signature in cursive script that reads "Shirley V. Lightsey".

President of the DRCEA

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Attachment A

Treatment Subject	Plan Alternative A Classes 10 & 11 Vote Yes	Plan Alternative B Class 10 or 11 Vote No
Pension Reduction	4.5%	27% (or more)
Annuity Savings Fund Recoupment Amount	Capped at 20% of highest balance between 2003-2013	Capped at 20% of highest balance between 2003-2013
Reduction of Monthly Pension Based on ASF Recoupment	Limited to 15.5% (Maximum)	No Limit (pension could be cut to \$0)
Maximum Reduction to Current Pension Check	20% (Including Straight Cut and ASF Recoupment)	Up to 100% (Including Straight Cut and ASF Recoupment)
Cost of Living Allowance (COLA)	No COLA	No COLA